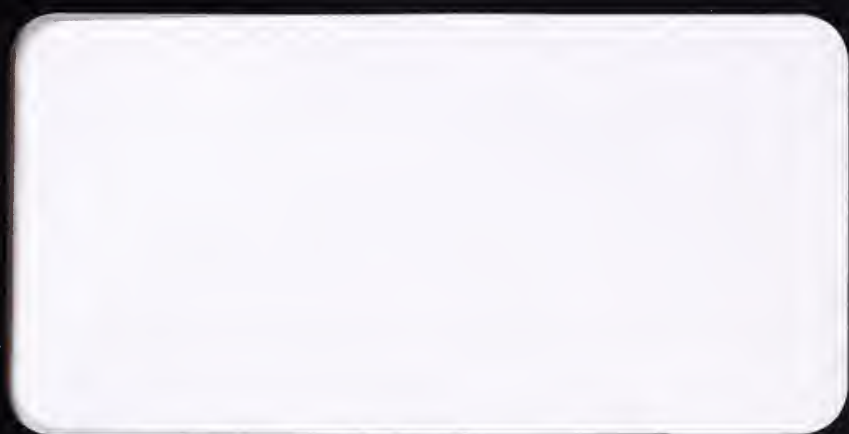


Outsourcing:  
A European Perspective

19 October 1993

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# Outsourcing: A European Perspective

19 October 1993

**INPUT<sup>®</sup>**

London • Paris • Frankfurt • San Francisco • New York • Washington, D.C. • Tokyo

Prepared by  
INPUT  
17 Hill Street, Mayfair  
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***Outsourcing: A European Perspective***

INPUT exercises its best efforts in preparation of the information provided in this presentation and believes the information contained herein to be accurate. However, INPUT shall have no liability for any loss or expense that may result from incompleteness or inaccuracy of the information provided.

## Notes

# Outsourcing: A European Perspective

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## Outsourcing Market—France

	Spend (FF Bn)	93-98 Growth (%)
Total IT	324.0	1
Software and Services	105.0	7
Outsourcing	4.2	21

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# Notes

## The Computer Industry In the 1990s

Technology Revolutions  
+  
Organizational Evolutions  
=  
All the rules have changed

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## IS Environment

"Traditional"	"Downsized"
Mainframe	Client/server
Shared	Dedicated
Remote	Local
IS operated	User operated

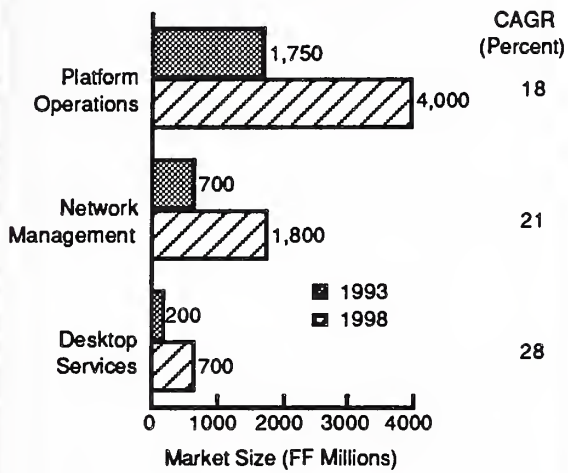
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# Notes

## Infrastructure Management Market—France

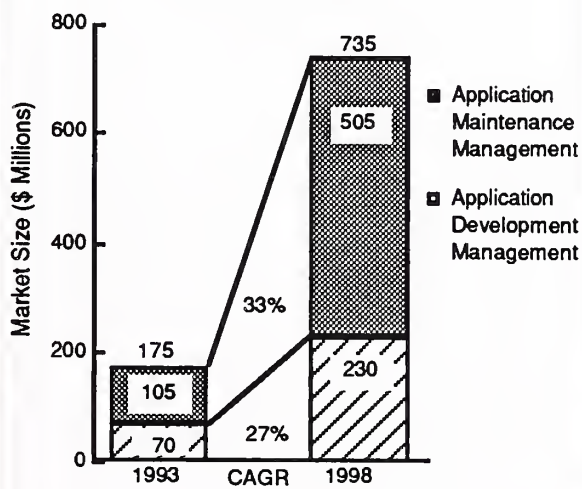


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## Application Management Forecast, Europe



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## Key Opportunities Outsourcing Europe

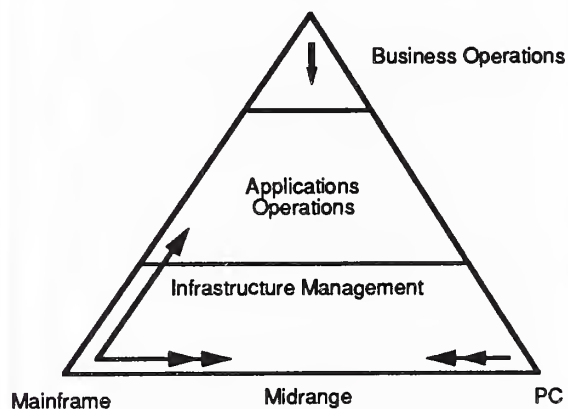
- Infrastructure not data centre management
- Business benefit not cost saving

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## Evolution of European Outsourcing



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# Notes

## High Growth Sectors Outsourcing

- Distribution
- Transportation
- Government?

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## Major Outsourcing Contracts 1992-1993

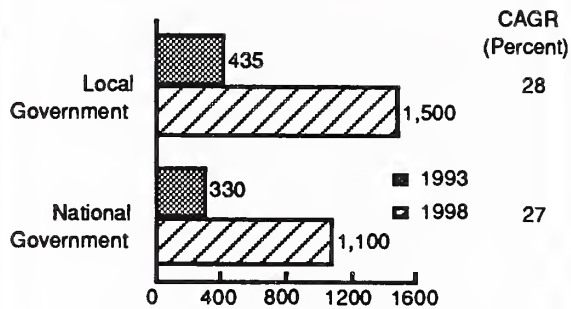
Client	Vendor	Contract Value (\$ M)	Number of Years
Kooperativa Forbundet (KF)	EDS	1,000	10
East Midlands Electricity	Perot Systems	400	12
Europcar	Perot Systems	600	10
BHS	CSC	200	11

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## Notes

### Government IS Outsourcing by Sector—Europe, 1993-1998

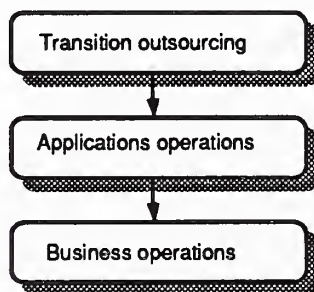


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### Opportunities In Local Government



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## Threat from New Entrants

- Equipment vendors - do they subsidize equipment
- U.S. professional services vendors - the application of leading edge technology
- Large organization data centres - the threat of marginal pricing

## Vendor Positioning

Business  
Benefits

Cost  
Savings


Data Centre  
Management

Infrastructure  
Management

# Notes

## 'Octopus' Strategy

Extend arms as far as possible around clients.

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## Notes

# Outsourcing Client Satisfaction

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## Survey Objectives

- Identify satisfaction ratings
  - Overall
  - By service type
- Identify benefits sought and levels of achievement
- Identify areas for improvement
- Identify future service requirements

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## Notes

### Survey Methodology

- Primarily managing directors and finance directors
- 47 Interviews
  - 20 United Kingdom
  - 17 France
  - 10 Germany

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### Increasing Client Need for Outsourcing

- Client satisfaction
- Service improvement challenges
- Outsourcing business development

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## Notes

### Client Satisfaction

- Opinions strongly polarised (satisfied/dissatisfied)
- Declines over time
- Traditional services favoured/new services weak

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### Overall Satisfaction



Sample of 47 users of outsourcing services

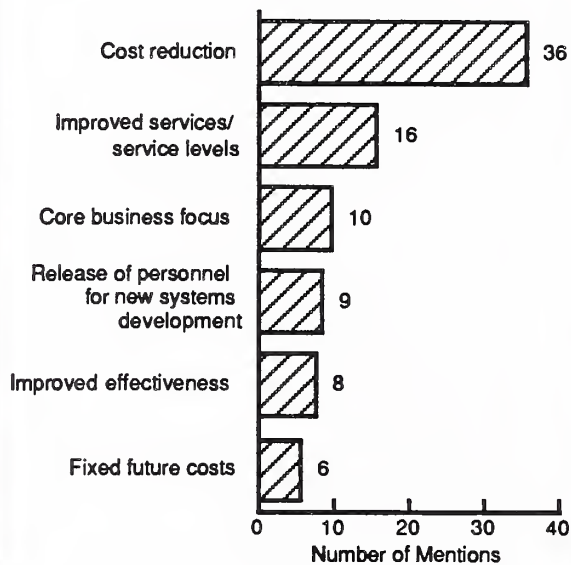
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# Notes

## Principal Benefits Sought Europe



Sample of 47 outsourcing clients

INPUT

## Degree of Achievement of Benefits Sought—Europe



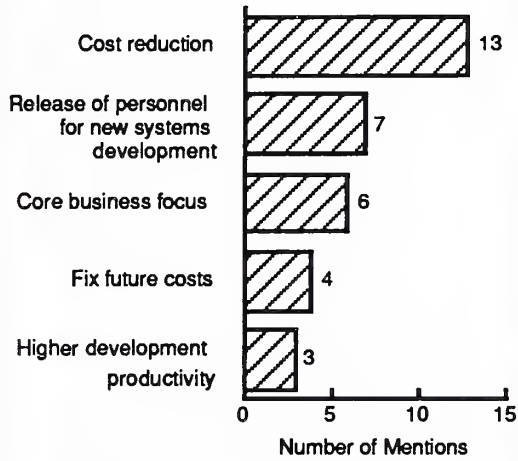
Sample of 47 outsourcing clients

INPUT



## Notes

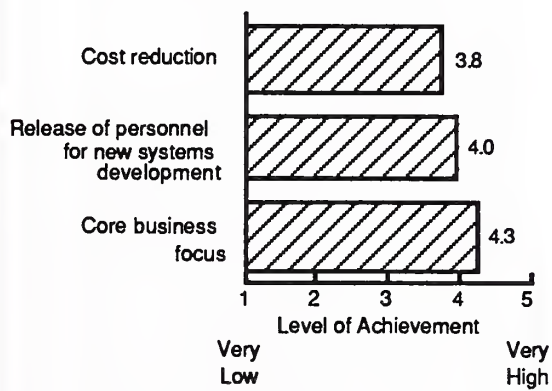
### Principal Benefits Sought—France



Sample of 17 outsourcing clients

INPUT

### Degree of Achievement of Benefits Sought—France

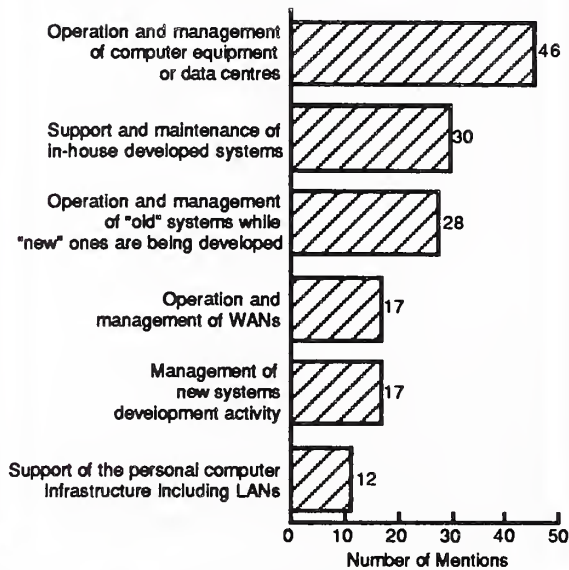


Sample of 17 outsourcing clients

INPUT

## Notes

### Outsourcing by Service Category—Europe



Sample of 47 European outsourcing clients

INPUT

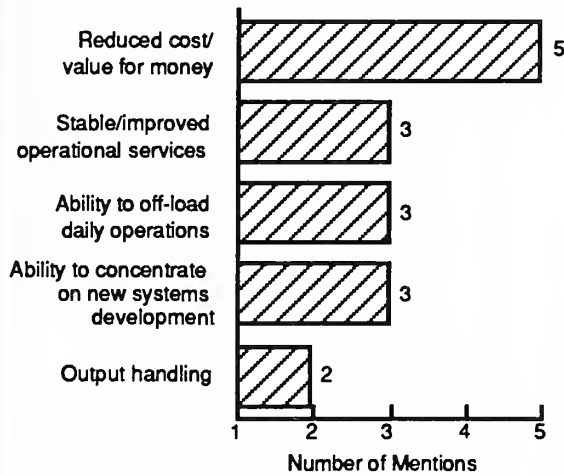
### Service Improvement Challenges

- Vendor/client procedures and communication
- Proactive account development
- Understand client's applications and business needs

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## Notes

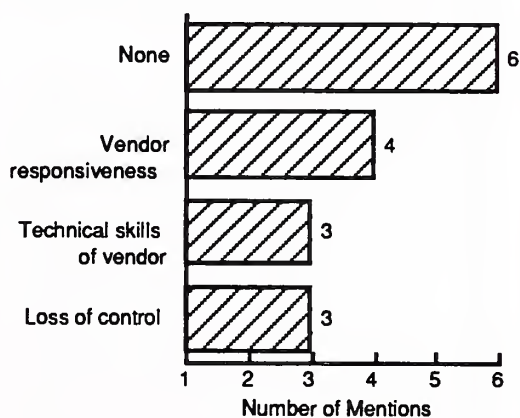
### Aspects of Service Liked—France



Sample of 17 outsourcing clients

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### Areas of Dissatisfaction—France



Sample of 17 outsourcing clients

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# Notes

## Areas of Dissatisfaction—Europe

- Vendor responsiveness/communication
- Inadequate cost reduction
- Excessive bureaucracy
- Inadequate breadth of technical skills

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## Number of Clients Selecting Lowest Price Bid

Region	Did Select Lowest Price	Did Not Select Lowest Price
France	4	9
United Kingdom	6	10
Germany	3	5
Europe	13	24

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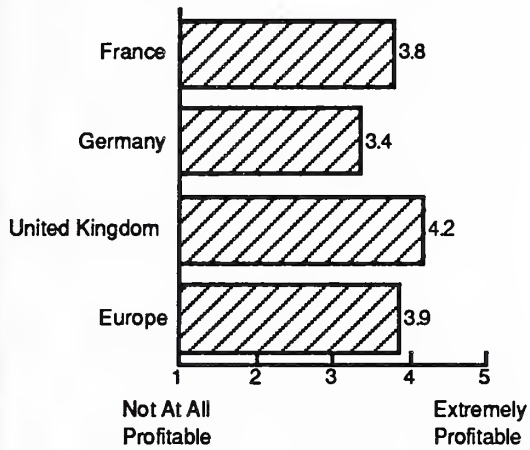
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## Notes

### Perceived Profitability of Outsourcing Contracts



Sample of 47 outsourcing clients

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### Outsourcing Business Development

- Clients will increase their use of outsourcing - (70%)
- Clients will renew their outsourcing contracts - (90%)
- Moderate vendor loyalty in France

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## Notes

### Overall Satisfaction by Contract Start Date



Sample of 29 outsourcing clients

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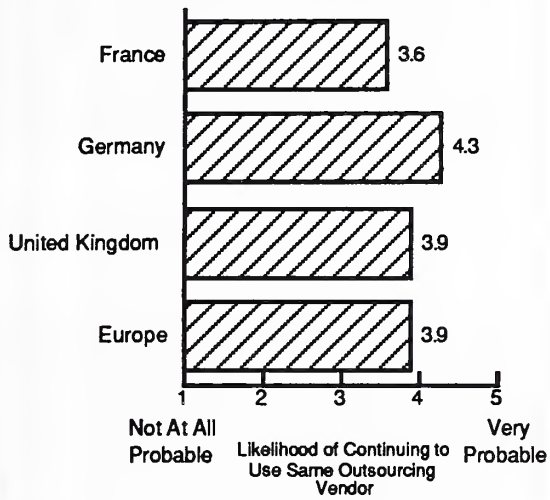
### Action at End of Present Contract

Action	Number of Mentions	
	France	Europe
Continue to outsource	12	33
Stop outsourcing	1	4
Total	13	37

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## Notes

### Client Loyalty

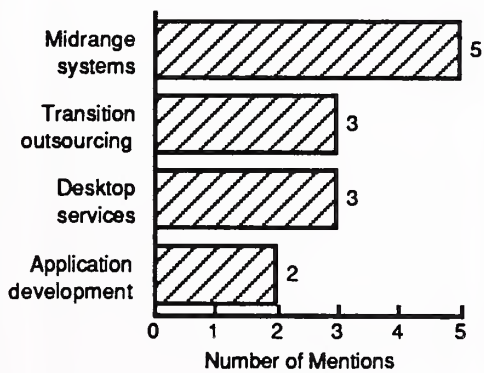


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### Increased Scope of Outsourcing—France



Sample of 12 outsourcing clients

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# Notes

## How to Improve Use of Outsourcing

- Outsource more activities
- Improved communication and partnerships
- Meet emerging client needs

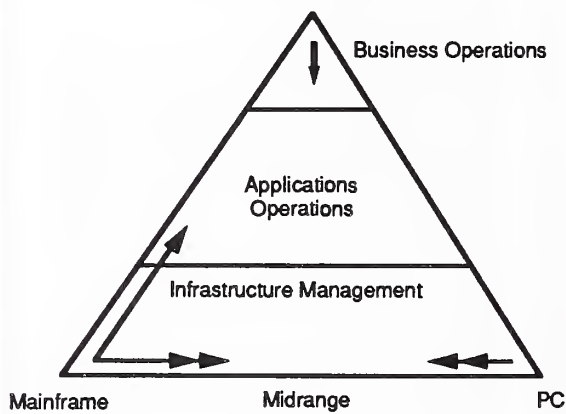
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## Evolution of European Outsourcing



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- **IT Outsourcing Opportunities**
- **Information Services Vendor Profiles and Analysis**
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## **SERVICE FEATURES**

Research-based reports on trends, etc.

(Over 100 in-depth reports a year)

Frequent bulletins on events, issues, etc.

5-year market forecasts

Competitive analysis

Access to experienced consultants

Immediate answers to questions

## **DATA BASES**

- **Software and Services Market Forecasts**
- **Software and Services Vendors**
- **U.S. Federal Government**
  - Procurement Plans (PAR)
  - Forecasts
  - Awards (FAIT)
- **Commercial Application LEADS**

## **CUSTOM PROJECTS**

For Vendors—analyze:

- **Market strategies**
- **Product/service opportunities**
- **Customer satisfaction levels**
- **Competitive position**
- **Acquisition targets**

For Buyers—evaluate:

- **Specific vendors**
- **Outsourcing options**
- **Market opportunities**
- **Systems plans**
- **Peer position**

## **OTHER SERVICES**

Presentations to user groups, planning meetings, etc.

Acquisition/partnership searches

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